



# Fourth Quarter 2020 Earnings Presentation

January 29, 2021

## Capital Product Partners L.P.

**CAPITAL**

PRODUCT PARTNERS L.P.

[www.capitalplp.com](http://www.capitalplp.com)

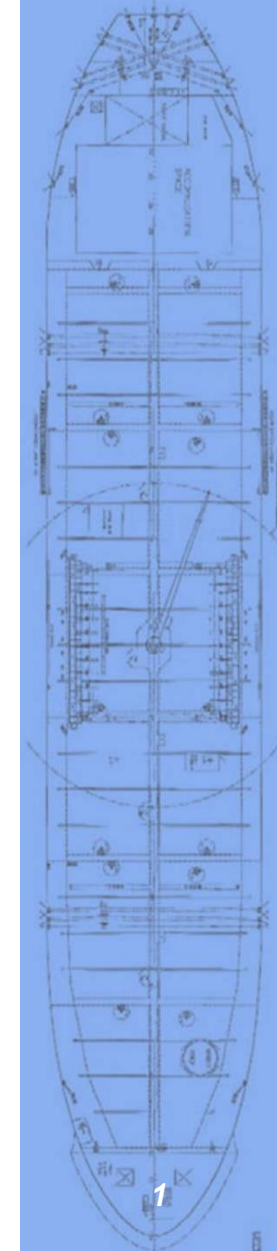
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# IMPORTANT NOTICE

The statements in this presentation that are not historical facts, including, among other things, the expected financial performance of CPLP's business, CPLP's ability to pursue growth opportunities, CPLP's expectations or objectives regarding future distributions, and market and charter rate expectations and, in particular, the effects of COVID-19 on the financial condition and operations of CPLP and the container industry in general are forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended). These forward-looking statements involve risks and uncertainties that could cause the stated or forecasted results to be materially different from those anticipated. For a discussion of factors that could materially affect the outcome of forward-looking statements and other risks and uncertainties, see "Risk Factors" in CPLP's annual report filed with the SEC on Form 20-F. Unless required by law, CPLP expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in its views or expectations, to conform them to actual results or otherwise. CPLP does not assume any responsibility for the accuracy and completeness of the forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements.

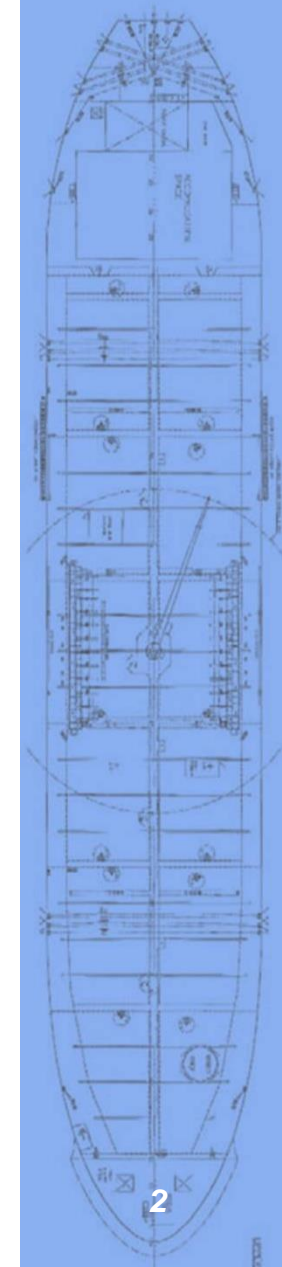
## Non-GAAP Measures

This presentation contains non-GAAP measures, including Operating Surplus, EBITDA and Free Cash Flow. Operating Surplus is a quantitative measure used in the publicly traded partnership investment community to assist in evaluating a partnership's financial performance and ability to make quarterly cash distributions. It should not be considered a measure of profitability or liquidity. We define EBITDA as Revenue less Operating Expenses and SG&A. These definitions may differ from similarly titled measures used by other companies and MLPs. These measures are not required by accounting principles generally accepted in the United States and should not be considered a substitute for net income, cash flow from operating activities and other operations or cash flow statement data prepared in accordance with accounting principles generally accepted in the United States.



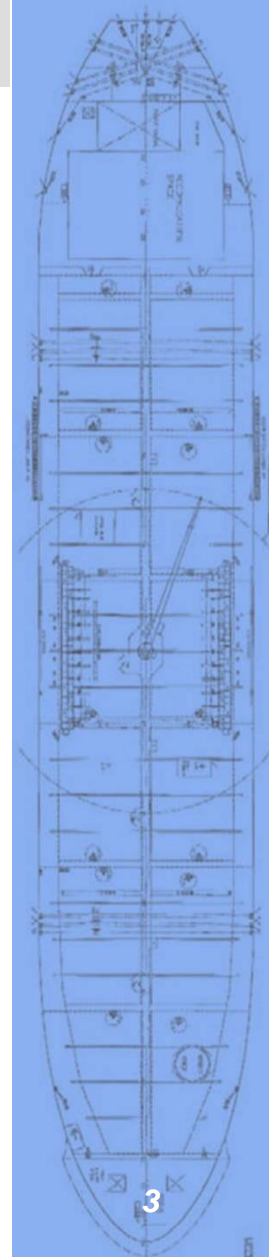
# Fourth Quarter 2020 Highlights & Update

- Net income for 4Q2020: \$7.3 million.
- Declared common unit distribution of \$0.10 for the quarter.
- Partnership's operating surplus: \$20.7 million or \$11.4 million after the quarterly allocation to the capital reserve.
- Agreed to acquire from Capital Maritime & Trading Corp. ("Capital Maritime") three 5,100 TEU sister container vessels with long term employment for a total consideration of \$40.5 million.
- Announced a common unit repurchase program of up to \$30.0 million commencing in February 2021.
- Average remaining charter duration 4.2 years with 90% charter coverage for 2021 and 81% for 2022.



# Statements Of Comprehensive Income

(\$ In Thousands)



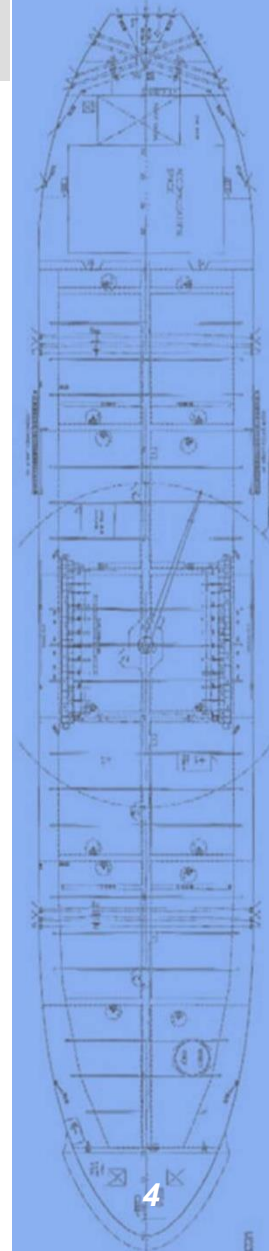
	For the Three-Month Period Ended <u>December 31, 2020</u>	For the Three-Month Period Ended <u>December 31, 2019</u>
Revenues	35,085	27,701
<b>Total Revenues</b>	<b>35,085</b>	<b>27,701</b>
<b>Expenses:</b>		
Voyage expenses	1,863	1,078
Vessel operating expenses	9,030	6,703
Vessel operating expenses – related parties	1,268	995
General and administrative expenses	1,753	2,016
Vessel depreciation and amortization	10,678	7,450
<b>Operating income</b>	<b>10,493</b>	<b>9,459</b>
Other income / (expense), net:		
Interest expense and finance cost	(3,358)	(3,865)
Interest and other income, net	133	202
<b>Total other expense, net</b>	<b>(3,255)</b>	<b>(3,663)</b>
<b>Net income from continuing operations</b>	<b>7,268</b>	<b>5,796</b>
Net loss from discontinued operations	-	(172)
<b>Net income</b>	<b>7,268</b>	<b>5,624</b>

# Operating Surplus For Calculation Of Unit Distribution<sup>1</sup>

(\$ In Thousands)

	For the Three-Month Period Ended December 31, 2020		For the Three-Month Period Ended September 30, 2020	
Net income from continuing operations		7,268		7,769
<b>Adjustments to net income from continuing operations</b>				
Depreciation and amortization	11,560		11,513	
Amortization of above market acquired charters and straight line revenue adjustments	1,854		1,755	
<b>TOTAL OPERATING SURPLUS PRIOR TO CAPITAL RESERVE</b>		<b>\$20,682</b>		<b>\$21,037</b>
Capital reserve		(9,302)		(9,302)
<b>OPERATING SURPLUS AFTER CAPITAL RESERVE</b>		<b>11,380</b>		<b>11,735</b>
Increase in recommended reserves		(9,483)		(9,838)
<b>AVAILABLE CASH</b>		<b>\$1,897</b>		<b>\$1,897</b>

**Common Unit Coverage: 6.0x**



<sup>1</sup> Operating Surplus is a non-GAAP measure. See Important Notice at the front of this presentation.

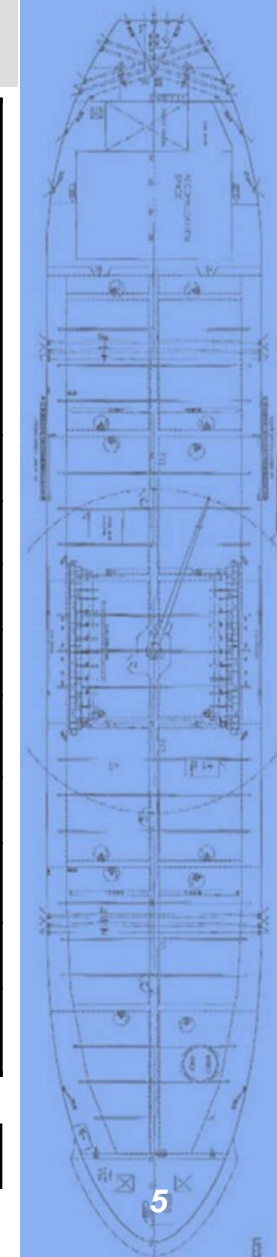
# Strong Balance Sheet

(\$ In Thousands)

	As Of <u>December 31, 2020</u>	As Of <u>December 31, 2019</u>
<b>Assets</b>		
<b>Current Assets</b>	\$57,779	\$65,946
<b>Fixed Assets</b>	712,197	576,891
<b>Other Non-Current Assets</b>	52,222	60,625
<b>Total Assets</b>	<b>\$822,198</b>	<b>\$703,462</b>
<b>Liabilities and Partners' Capital</b>		
<b>Current Liabilities</b>	\$61,606	\$64,736
<b>Long-Term Liabilities</b>	338,514	231,989
<b>Partners' Capital</b>	422,078	406,737
<b>Total Liabilities and Partners' Capital</b>	<b>\$822,198</b>	<b>\$703,462</b>

**Net Debt<sup>(1)</sup>/Capitalization: 40.6%**

<sup>1</sup> Gross of deferred loan issuance costs



# Acquisition of 3 x Panamax Containers

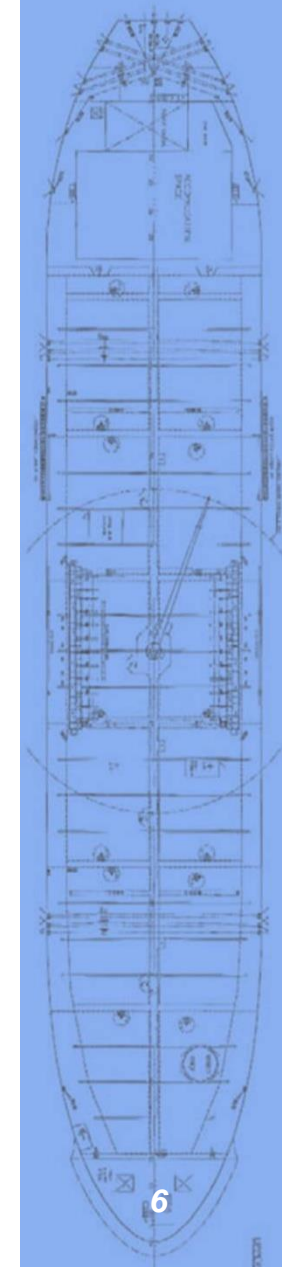
- Agreed to acquire from Capital Maritime three 5,100 TEU sister container vessels with long term time charters attached for a total consideration of \$40.5 million.

## *Key Vessels Specifications*

- Built: 2008 at Hanjin Heavy Industries, S. Korea
- Lightweight: 19,905 MT
- Liberia flag
- 5,089 TEU nominal intake
- 482 Reefer plugs
- Special Survey passed

## *Environmental Improvements*

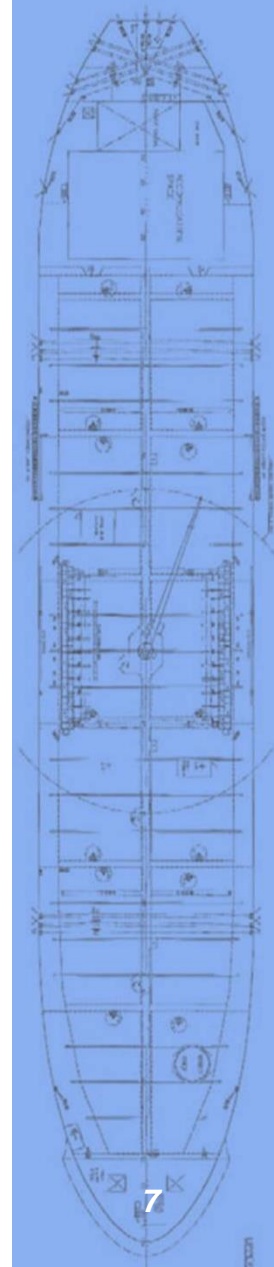
- Alternative Maritime Power (AMP)
- Ballast Water Treatment System fitted
- Reefer Container Monitoring System
- Fitted with TRIM Optimizer Software for better consumption control and reduced ballast water intake
- Ability to super slow steam
- High spec fouling paint reducing vessel fuel consumption



# Long-Term Employment In Place

## Employment Details

Vessel	Earliest Charter Expiry	Latest Charter Expiry	Charterer	Gross Rate Per Day	Option
Seattle Express	Sept-25	Jan-26		\$12,300	2 +1 Years at \$17,000pd
Long Beach Express	Jun-25	Oct-25		\$12,300	
Fos Express	Sept-25	Jan-26		\$12,300	



M/V 'Long Beach Express'



M/V 'Fos Express'



M/V 'Seattle Express'



# Financing of the Vessels

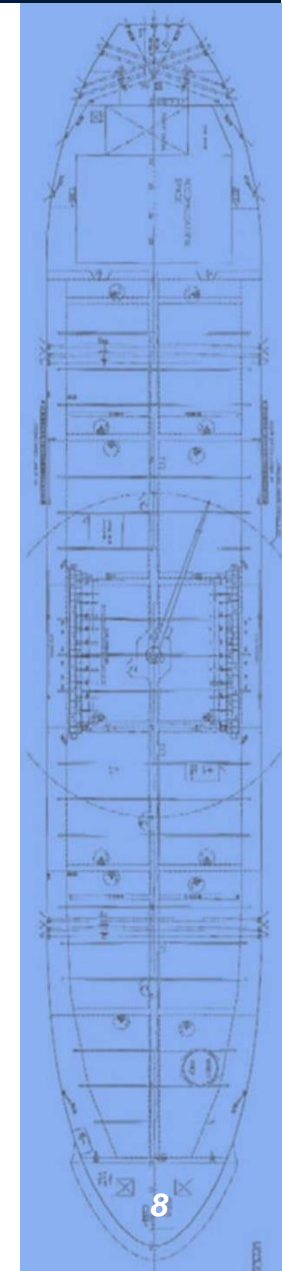
Sources (USD Million)	Total
Financial Lease	\$30.0
Sellers' credit agreement	\$6.0
Cash from Balance Sheet	\$5.1
<b>Total</b>	<b>\$41.1</b>

Uses (USD Million)	Total
Acquisition Price	\$40.5
Estimated Financing Fees	\$0.6
<b>Total</b>	<b>\$41.1</b>

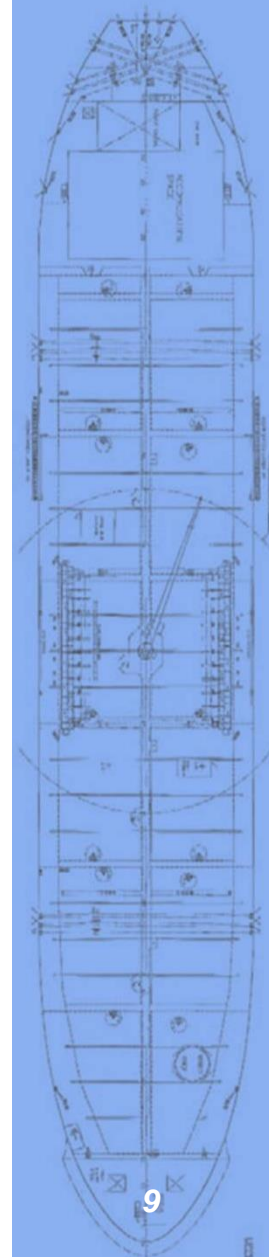
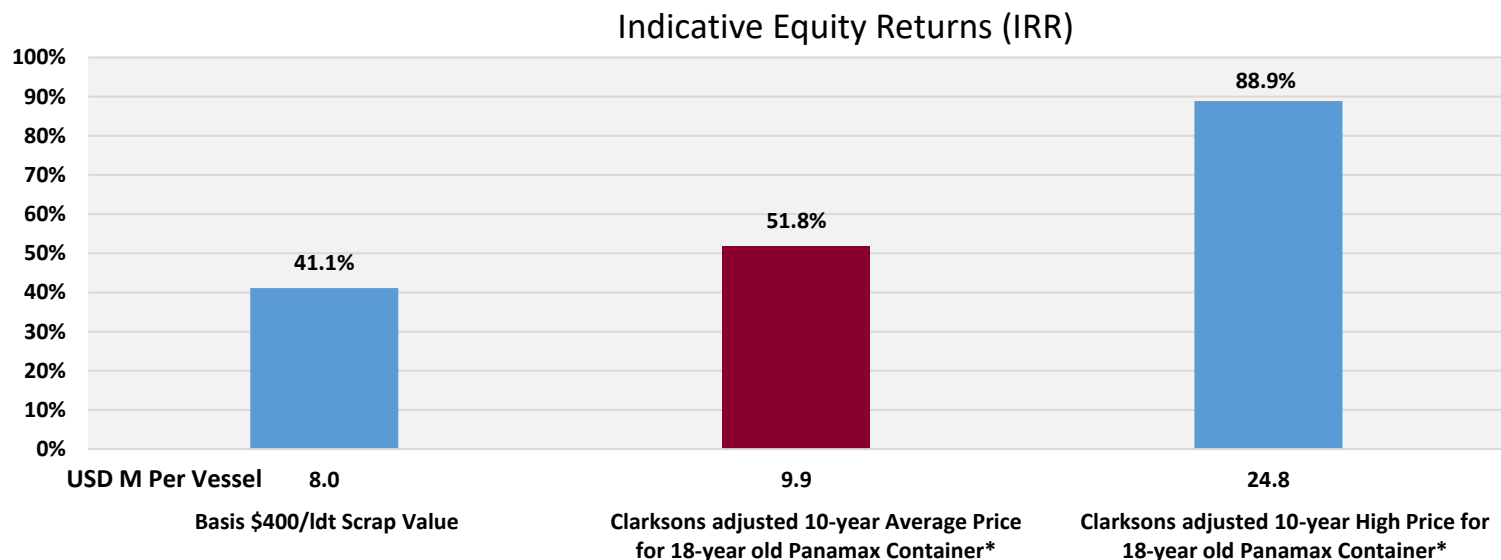
## Financing Terms (USD million):

Financial Lease	
Amount	\$30.0
Maturity	4Q2025
Interest Rate	L + 2.85%
Annual Amortization	\$3.3

Sellers' Credit Agreement	
Amount	\$6.0
Fixed Rate	5%
Maturity	4Q2025
Structure	Bullet



# Delivering Growth with Attractive Equity Returns



- Transaction expected to generate EBITDA\*\* of approx. \$32.0 million over 5 years.
- Indicative equity returns (IRR) on standalone basis ranging from 41.1% to 88.9% underpinned by long-term charters and based on a range of terminal values.
- Transaction increases the Partnership's fleet size by 21%.
- YoY fleet size increase of 54% in terms of number of vessels and 65% in terms of TEU capacity.

\* Assuming 4% annual depreciation.

\*\* IRR calculation estimates based on free cash flow generated based on following key assumptions: OPEX: \$6,000 per day, escalation 1% quarterly, \$12,300/d T/C rate through end 2025, LWT: 19,905, Libor at 0.5%, 99% Utilization rate. EBITDA estimate based on revenues x utilization less OPEX.

# Strong Charter Coverage

- **Strong charter coverage on CPLP assets.**
  - ▶ 16 containerships and 1 drybulk vessel with 4.2 years remaining on charter on average.
- **90% and 81% charter coverage for 2021 and 2022, respectively.**

## Charter Profile

### Expiry of Current Charters

### Rates

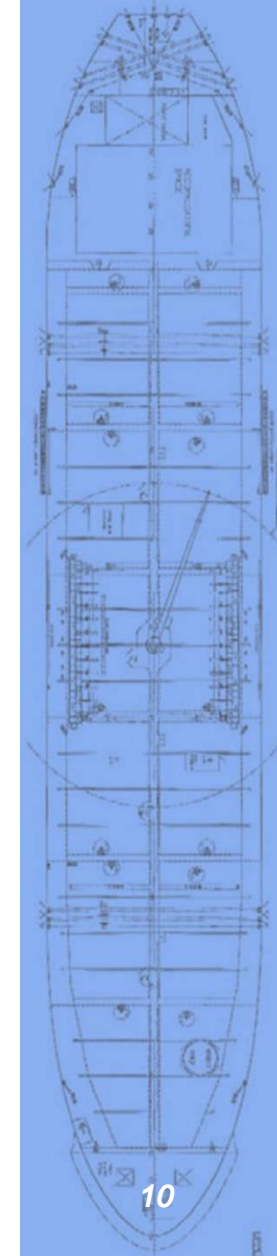
Vessel Type	Feb-21	Feb-22	Feb-23	Feb-24	Feb-25	Feb-26	Gross Rate Per Day
Dry Bulk							-
Containership							
Cape Agamemnon							-
Containership							\$39,250
CMA CGM Magdalena							\$33,500
Containership							\$29,800 <sup>2</sup>
Adonis							- <sup>1</sup>
Containership							- <sup>1</sup>
Akadimos							\$34,250
Containership							\$34,250
Agamemnon							\$34,250
Containership							\$34,250
Archimidis							\$34,250
Containership							\$34,250
Hyundai Prestige							\$12,300
Containership							\$12,300
Hyundai Premium							\$12,300
Containership							\$26,950 <sup>3</sup>
Hyundai Paramount							\$26,950
Containership							\$26,950 <sup>3</sup>
Hyundai Privilege							\$26,950 <sup>3</sup>
Containership							\$26,950 <sup>3</sup>
Hyundai Platinum							\$26,950 <sup>3</sup>
Containership							\$26,950 <sup>3</sup>
Long Beach Express							\$26,950 <sup>3</sup>
Containership							\$26,950 <sup>3</sup>
Seattle Express							\$26,950 <sup>3</sup>
Containership							\$26,950 <sup>3</sup>
Fos Express							\$26,950 <sup>3</sup>
Containership							\$26,950 <sup>3</sup>
Athos							\$26,950 <sup>3</sup>
Containership							\$26,950 <sup>3</sup>
Aristomenis							\$26,950 <sup>3</sup>
Containership							\$26,950 <sup>3</sup>
Athenian							\$26,950 <sup>3</sup>

## High Quality Customer Base



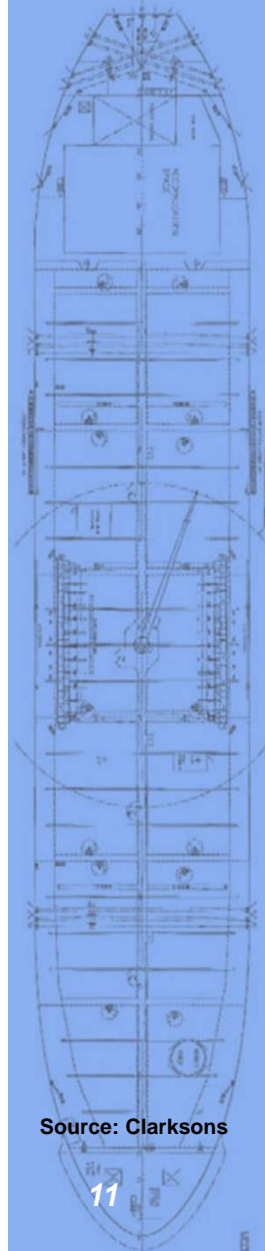
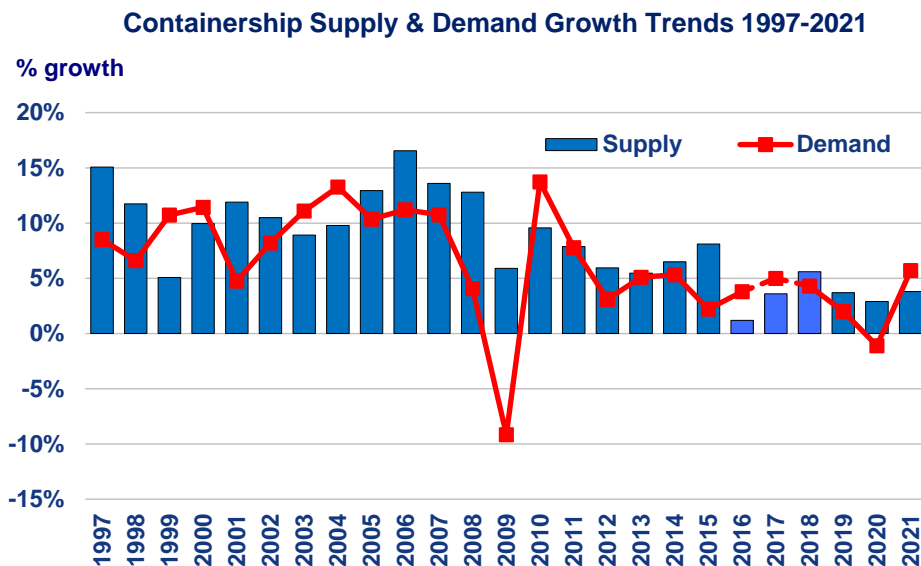
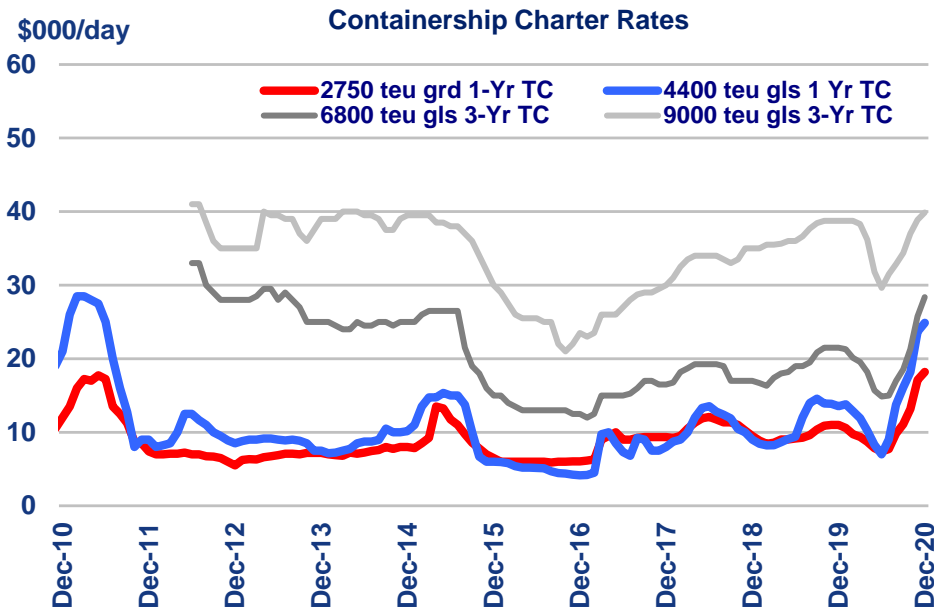
<sup>1</sup> Expected to generate collectively an EBITDA of approximately \$44.5 million. <sup>2</sup> Blended average of escalating rate basis minimum charter period.

<sup>3</sup> \$25,950pd until Jul/2021



# Container Charter Market Review

- Stronger container charter market across all sizes in 4Q2020.
- Time charter rates for neo-panamax containers more than doubled compared to early in 3Q2020.
- The base-case forecast for container trade for 2020 has been revised down to -1.1% vs. -10.7% estimate in May.
- Overall demand growth expected to average 5.7% in 2021.
- Container orderbook increased to 10.8% of the total fleet capacity.
- Second Hand and Newbuilding prices on the rise.
- Slippage in TEU terms amounts to 25% including cancelations.
- Demolition for FY2020 similar to previous year with 80 units of 190,000 TEU vs. 93 units of 180,000 TEU in 2019.
- Supply growth forecast for FY2021 at 3.8%.



Source: Clarksons

# Dropdown Opportunities

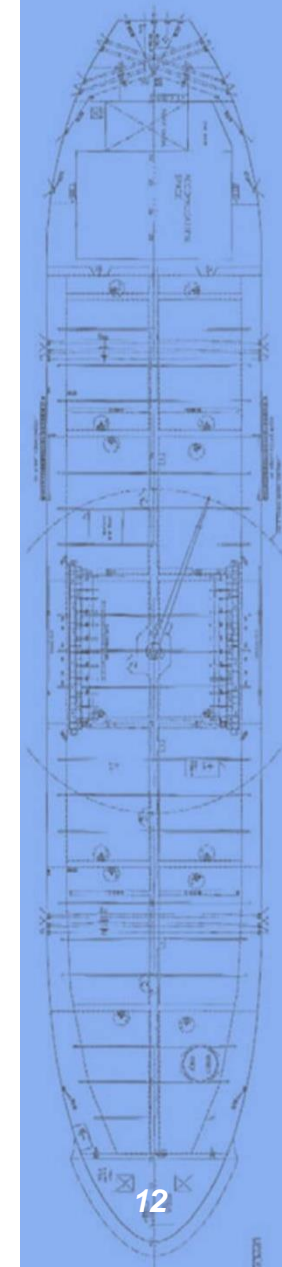
- Capital Maritime contracted 4+2 x 13,200 TEU latest eco type container vessels with high reefer capacity at Hyundai Heavy Industries.
- Deliveries: 3Q2022 – 2Q2023.

## *Key Vessels Specifications*

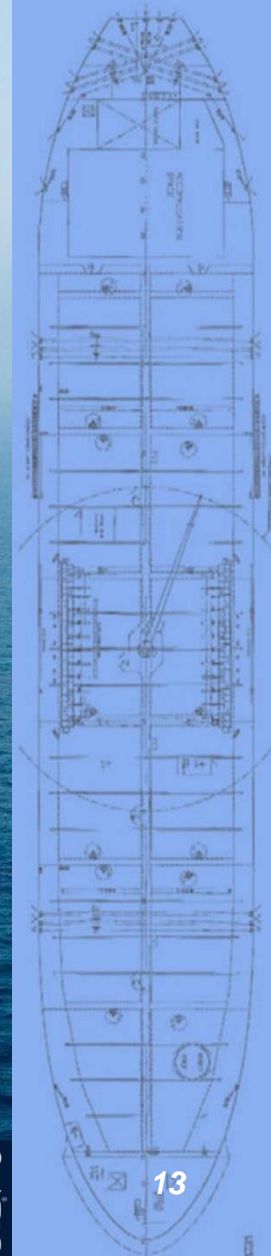
- Total Container Capacity: 13,212 TEU
- Total DWT Capacity: 140,000
- High Reefer Capacity 2,220 FEU
- 9,420 14mt Homogeneous containers at 16m draft
- Hybrid Scrubber Ready with Class Notation with optionality for open loop or Hybrid Scrubber

## *Environmental Improvements*

- New energy efficient hull form and main engine
- Approx. 52% reduction in CO2 energy efficiency per ton mile compared with Phase 0
- EEDI Phase 3 attained with margin of 10.8%
- Fixed AMP with reel, port & starboard



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